

INSTRUMENT	LAST PRICE	1 DAY	1 MONTH	1 YEAR
USD/INR	68.83	-0.08%	0.2%	7%
EUR/INR	79.55	0.15%	-1.7%	5%
GBP/INR	89.09	0.02%	-2.9%	7%
JPY/INR	61.83	0.16%	-0.7%	7%
EUR/USD	1.1558	0.03%	-1.6%	-2%
GBP/USD	1.2944	0.00%	-2.4%	-1%
USD/JPY	111.32	-0.07%	0.4%	1%
USD/CNH	6.8648	-0.01%	3.5%	2%
10 YR YIELD- IN	7.77	0.00	(0.10)	1.31
10 YR YIELD- USA	2.94	0.00	0.12	0.69
GOLD (\$/Oz)	1,210	0.2%	-4%	-4%
SILVER (\$/Oz)	15.35	0.4%	-5%	-6%
BRENT CRUDE (\$/Brl)	73.99	0.3%	-4%	41%
COPPER 3M (\$/Ton)	6133	-1.2%	-2%	-4%
NIFTY	11405	0.15%	5.87%	13%
HANGSENG	28087	0.96%	-0.81%	1%
S&P 500	2850	0.35%	3.28%	15%
INR 1M FWD	0.26	(0.01)	(0.01)	(0.01)
INR 2M FWD	0.50	(0.01)	(0.00)	0.00
INR 3M FWD	0.75	(0.01)	0.01	0.02
INR 6M FWD	1.52	0.02	0.02	0.08
INR 12M FWD	2.99	(0.00)	0.03	0.21
	<b>1 DAY</b>	<b>MTD</b>	<b>QTD</b>	<b>YTD</b>
FII INVESTMENT- EQ (\$ Mn)	59	(62)	146	(475)
FII INVESTMENT- DEBT (\$ Mn)	24	337	442	(5,667)
TOTAL- (\$ Mn)	83	276	588	(6,142)

CURRENCY	ECONOMIC EVENT
EUR	German Industrial Production
USD	JOLTS Job Openings

### INDIA NEWSWIRE

1. Public sector banks (PSBs) will need an additional capital of Rs 1.1-1.3 trillion over the next two years to implement a five-point strategy to tackle bad loans, a committee report on project 'Sashakt' has stated.

### WORLD NEWSWIRE

1. a senior U.S. government official confirmed that they are gearing up to reimpose sanctions on Iran in order to strong-arm them into a new nuclear agreement.

### FX VIEW

Yesterday Dollar Rupee bounced back closer to the upper end of its range of 68.20/25 and 69.00/69.10 on spot. Dollar Yuan is back above 6.86 and Euro, GBP, JPY and almost all major currencies in the emerging market space and developed market is depreciating against USD. Traders looking to play the range can consider shorting closer to 69.00 levels on spot but stops need to be maintained above 69.10 on spot. The 6 week old range is between 68.20/25 and 69.00/69.10 on spot. Trend can emerge once the range breaks. The biggest risk for Indian Rupee is coming from the offshore. Last three times, USDINR attempted a break above 69.00, was during August 2013, February 2016 and November 2016. During each of those times, the primary driver of USDINR was risk aversion in global markets. In each of those times, trend changed from bullish to bearish on USD, once the trade switched from risk-off to risk-on in the global financial markets. This time too, for Rupee to enter a path of sustained appreciation, major changes have to occur globally. Some factors worth keeping an eye on:

- Trade war need to enter a long period of pause
- US economy need to decelerate to prompt Fed to go slow on tightening monetary policy

Yet trade war continues to heat up, which may remain so heading into mid-term elections in US. Fiscal pup priming is keeping the US economy humming and may remain a major supportive factor for the rest of the year. Therefore, Fed-Trump-China trifecta remains a significant headwind for the Rupee. There is clear and present danger, that unless the dynamics of the triple whammy changes, USDINR may attempt a breakout above 70.00 levels and head much higher, before the end of the year.

On the positive front, a 10% decline in oil prices is a supportive but at the same time, worries with Monsoon and kharif crop sowing is a dampener. Rural economy is going to become a key issue into the elections next year and hence if monsoon plays spoilsport with farm income, it can be taken negatively by markets back home, as it may be seen as an adverse factor for the BJP government. Political risk premia will remain high, as large carry traders would be cautious in a pre-election year.

On majors, GBP and Euro are under pressure as market has till now shrugged off a tepid job additions in the US economy. US economy continues to do well and US job market remains tight and that fact cannot be changed by one NFP data. GBP right now is like a specially able kid due to Brexit. It will sway with the developing headlines. Technically, EURUSD remains in a downtrend and sell on rise remains the trade with stops above 1.16. GBPUSD remains in a downtrend and sell on rise can be done with stops above 1.32. USDJPY is a buy with stops below 109.50.

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